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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/781,198	02/13/2001	Frank D. Lortscher	05793.3027-00	8783

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EXAMINER


BORISSOV, IGOR N

ART UNIT	PAPER NUMBER
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3629

DATE MAILED: 10/05/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)	
	09/781,198	LORTSCHER ET AL.	
	Examiner	Art Unit	
	Igor Borissov	3629	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 03 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 13 August 2004.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) See Continuation Sheet is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-8, 10-19, 21-28, 30-37, 39, 40, 42-63, 65-71, 73-79, 81-87, 89-113 and 118 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

Continuation of Disposition of Claims: Claims pending in the application are 1-8,10-19,21-28,30-37,39,40,42-63,65-71,73-79,81-87,89-113 and 118.

DETAILED ACTION

Upon reconsideration, the finality of the last Office Action has been withdrawn. Claims 6, 20, 29, 38, 41, 64, 72, 80, 88 and 114-117 have been canceled. Claims 1, 10, 11, 14, 21-23, 30-32, 39, 40, 42, 43, 89 and 96 have been amended. Claims 1-8, 10-19, 21-28, 30-37, 39-40, 42-63, 65-71, 73-79, 81-87, 89-113 and 118 are currently pending in the application.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 14-22, 48-50, 65-72, 89-91, 42-43, 96, 99-113 and 115 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. The claimed invention is not within the technological arts.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable

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subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court

found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

Contrary to the claims in the above-cited cases, in the present application, the claims are silent with regard to technology and are purely an abstract idea or process steps that are employed completely without the use of any technology whatsoever. The claims are no more than a suggested idea that users contributing consumer information would be benefited if somebody uses this information. The claims are completely devoid of any means to carry out a process implementing the idea of "offering and incentive to potential users..."; "receiving access preferences..."; "establishing an access...", "setting a licensing fee schedule...".

Appellant amended the claims to include "*using a computer to determine a payment for each of the users based on the licensing fee schedule and a set of*

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payment rules". However, this limitation does not provide any indication how exactly the computer is being used. "Using a computer" may be understood as using computer purely as data storage means. However, the claimed invention must utilize technology in a non-trivial manner (*Ex parte Bowman*, 61 USPQ2d 1665, 1671 (Bd. Pat. App. & Inter. 2001)).

Furthermore, in accordance with MPEP 2106 (IV)(B)(2)(b) "Statutory Process Claims", not all processes are statutory under 35 U.S.C. 101. *Schrader*, 22 F.3d at 296, 30 USPQ2d at 1460. To be statutory, a claimed computer related process must either: (A) result in a physical transformation outside the computer for which a practical application in the technological arts is either disclosed in the specification or would have been known to a skilled artisan, or (B) be limited to a practical application within the technological arts. See *Diamond v. Diehr*, 450 U.S. at 183-184, 209 USPQ at 6 (quoting *Cochrane v. Deener*, 94 U.S. 780, 787-788 (1877)). The claims in the present application do not appear to satisfy either of the two conditions listed above. First, the claims do not include limitations that would suggest the computer is being used to *transform the data from one form to another* that would place the invention in the technological arts. There is no indication in the claims of any physical transformation of data (i.e. fee schedule). The claims merely recite "determine a payment for each of the user...".

Thus, there neither appears to be any physical transformation of data from one form to another which is based upon an algorithm or a calculation by a computer or processor, nor is there any technology claimed that would be used to transform the data.

Because the independently claimed invention is directed to an abstract idea which does not recite a limitation in the technological arts, those claims and claims depending from them, are not permitted under 35 USC 101 as being related to non-statutory subject matter. However, in order to consider those claims in light of the prior art, examiner will assume that those claims recite statutorily permitted subject matter.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-5, 7-19, 21-28, 30-37, 39-40, 42-63, 65-71, 73-79, 81-87, 89-113 and 118 are rejected under 35 U.S.C. 103(a) as being unpatentable over O'Neil et al. (US 5,987,440) in view of Goldhaber et al. (US 5,855,008) and further in view of Official Notice.

O'Neil (hereinafter O'Neil) teaches a system and method for personal information security and exchange tool, comprising:

As per claims 1, 14, 21-23, 30-32, 42-44, 89, 92 and 95-101,

Charging by an individual for accessing to his/her personal consumer information (C. 23, L. 21-23); receiving access preferences information from the individual, said information including rules determining who gets access to each item of information (C. 2, L. 34-55); creating a database of said consumer information, establishing access by subscribers to the consumer information (C. 2, L. 34-35); establishing a fee schedule based on said rules for paying each individual based on said fee schedule (C. 10, L. 65 – C. 11, L. 1-9);

O'Neil does not specifically teach that charging by an individual for accessing to his/her personal consumer information includes offering an incentive to said individual for providing his/her personal consumer information. Also, O'Neil does not specifically teach that said rules-based fee schedule includes declining or increasing fee schedule.

Goldhaber et al. (hereinafter Goldhaber) teaches a system and method for delivering positively and negatively priced information, including offering to customers an incentive in exchange for providing customer personal information (C. 12, L. 49-61).

It would have been obvious to one having ordinary skill in the art at the time the invention was made to modify O'Neil to include offering an incentive to the customers for providing their personal consumer information, because it would advantageously stimulate customers to release their personal information, thereby allowing the merchandisers to create more effective targeted advertising, and increase revenue. As per declining or increasing fee schedule, such fee charging mechanism is old and well known (See, for example, US patent 6,236,971 to Stefik et al. C. 23, L. 39-51). Furthermore, the Specification does not provide any indication of advantages of use of said declining or increasing fee schedule over the prior art. Without such indication, it appears that use of a specific type of fee schedule mechanism is an obvious matter of business choice.

Also, as per **claim 42**, providing payment to the customers in exchange to interaction with the merchandiser's advertising (C. 10, L. 48-51) obviously indicates paying the customer for purchasing a merchandiser's product.

As per claims 2, 5, 10-13, 16, 25, 34 and 39-40, O'Neil teaches said system and method, wherein the licensing agent determines the amount of payment to be made to each user (C. 2, L. 56-63; C. 10, L. 61 – C. 11, L. 9).

As per claims 3, 17, 26 and 35, O'Neil teaches said system and method, further comprising at least one payment agent for paying each user based on a set of payment rules the determined amount of payment (C. 2, L. 56-63; C. 23, L. 20-25).

As per claims 4, Goldhaber teaches electronic payment (C. 10, L. 60-68).

The motivation to combine O'Neil and Goldhaber would be to stimulate customers to release their personal information to merchandisers (*subscribers*), which in turn allow said merchandisers to create more effective targeted advertising, thereby increase revenue.

As per claims 6, 18, 27, 36, 104 and 118, O'Neil teaches said system and method wherein the licensing rules include paying the individual a fixed amount received

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by the system (C. 21, L. 37-62), which obviously indicates receiving a fixed percentage of all amounts received by an operator of the system from licensing the personal information related to that user.

As per claims 7, 15, 24 and 33, O'Neil teaches said system and method wherein the database containing personal information includes financial information, demographic information, psychometric information, or marketing information (Fig. 30; C. 10, L. 17-60; C. 17, L 1-12).

As per claims 8, 19, 28, 37, 107, 110 and 113, O'Neil teaches said system and method wherein the database containing personal information includes information concerning a user of the system from a third-party source of information (C. 2, L. 49-55; C. 6, lines 7-23).

As per claims 45-53 and 54-56, Goldhaber teaches said system and method, wherein the incentive is a product provided at discounted price (C. 10, L. 53 – C. 11, L. 15). The motivation to combine O'Neil and Goldhaber would be to stimulate customers to release their personnel information to merchandisers (*subscribers*), which in turn allow said merchandisers to create more effective targeted advertising, thereby increase revenue.

As per claims 58-63, 66-71, 74-79 and 82-87, Goldhaber teaches said system and method, comprising: creating an account for the potential users, wherein a potential users' response includes user preferences for access to the users' personal information (C. 6, L. 66 – C. 7, L. 11; C. 12, L. 49-61). The motivation to combine O'Neil and Goldhaber would be to stimulate customers to release their personnel information to merchandisers (*subscribers*), which in turn allow said merchandisers to create more effective targeted advertising, thereby increase revenue.

As per claims 57, 65, 73 and 81, Goldhaber teaches said system and method, comprising: determining a type of incentive to offer to each potential user (C. 10, L. 53 – C. 11, L. 15). The motivation to combine O'Neil and Goldhaber would be to stimulate customers to release their personnel information to merchandisers (*subscribers*), which in turn allow said merchandisers to create more effective targeted advertising, thereby increase revenue.

As per claim 90-91 and 93-94, see claim 14.

As per claim 102-103, see claim 14.

As per claim 105-106, 108-109 and 111-112, see claim 14.

Response to Arguments

Applicant's arguments filed 8/13/04 have been fully considered but they are not persuasive.

In response to applicant's argument that Claim Rejections under 35 USC § 101 is Improper, the examiner maintains claims in the present application are silent with regard to technology and are purely an abstract idea or process steps that are employed completely without the use of any technology whatsoever. The claims are no more than a suggested idea that users contributing consumer information would be benefited if somebody uses this information; and completely devoid of any means to carry out a process implementing the idea of "offering and incentive to potential users..."; "receiving access preferences..."; "establishing an access...", "setting a licensing fee schedule...".

The newly-added limitation "*using a computer to determine a payment for each of the users based on the licensing fee schedule and a set of payment rules*" does not provide any indication how exactly the computer is being used. However, in accordance with MPEP 2106 (IV)(B)(2)(b) "Statutory Process Claims", and *Schrader*, 22 F.3d at 296, 30 USPQ2d at 1460, for a process to be statutory, a claimed computer related process must either: (A) result in a physical transformation outside the computer for which a practical application in the technological arts is either disclosed in the specification or would have been known to a skilled artisan, or (B) be limited to a practical application within the technological arts. See *Diamond v. Diehr*, 450 U.S. at 183-184, 209 USPQ at 6 (quoting *Cochrane v. Deener*, 94 U.S. 780, 787-788 (1877)).

The claims in the present application do not include limitations that include or suggest that the computer is being used to *transform the data from one form to another* that would place the invention in the technological arts. There is no indication in the

claims of any physical transformation of data (i.e. *setting a ... fee schedule...*). The claims merely recite a step of *determining a payment for each of the user*.

Thus, there neither appears to be any physical transformation of data from one form to another, which is based upon an algorithm or calculation by a computer or processor, nor is there any technology claimed that would be used to transform the data. Therefore, because the independently claimed invention is directed to an abstract idea which does not recite a limitation in the technological arts, those claims and claims depending from them, are not permitted under 35 USC 101 as being related to non-statutory subject matter.

In response to applicant's argument that Stefik et al. does not teach that "licensing fee paid to a user declines until detection of a predetermined event", it is noted that Stefik et al. specifically teaches "scheduled fee specifications give a schedule of *dates* over which the fee specifications change", wherein said *schedule of dates* obviously indicates *the predetermined events (dates)*.

In response to applicant's argument that Goldhaber fails to teach "paying the user for purchasing a product or service from one of the subscribers" (claim 42), the examiner points out that Goldhaber teaches providing a payment to the consumers in exchange to *interaction* with the merchandiser' advertising (C. 10, L. 47-55), wherein "*interaction with the merchandiser' advertising*" obviously indicates *purchasing (interaction)* merchandiser's product or service.

In response to applicant's argument that Goldhaber does not teach "the user's response includes authorization to access information about the at least one potential user from a third party source of the user information", the examiner point out that Goldhaber was not applied for this feature. O'Neil teaches that user can assign access rules determining who gets access to each item of personal information, thereby maintain command and control on third party dissemination and processing of the personal information (C. 2, L. 34-55).

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Conclusion

THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the mailing date of this final action.

Any inquiry concerning this communication should be directed to Igor Borissov at telephone number (703) 305-4649.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Receptionist whose telephone number is (703) 872-9306.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's Supervisor, John Weiss, can be reached at (703) 308-2702.

Any response to this action should be mailed to:

Commissioner of Patents and Trademarks

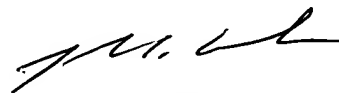
Washington D.C. 20231

or faxed to: **(703) 872-9306** [Official communications; including After Final communications labeled "Box AF"].

Hand delivered responses should be brought to Crystal Park 5, 2451 Crystal Drive, Arlington, VA, 7th floor receptionist.

IB

09/24/2004



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